

NICHOLAS MAZANEC
Office of the Montana State Auditor,
Commissioner of Securities and Insurance (CSI)
840 Helena Avenue
Helena, MT 59601
(406) 444-2040
nmazanec@mt.gov

Attorney for the CSI

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:

REDWOOD SCIENTIFIC
TECHNOLOGIES, INC.,

Respondent.

)
) Case No.: SEC-2015-173
)
) **CONSENT AGREEMENT AND FINAL**
) **ORDER**
)
)
)

This Consent Agreement (Agreement) is entered into by the Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101 et seq. (Act), and Redwood Scientific Technologies, Inc. (Respondent) (collectively, the Parties). The Final Order (Order) is issued by the authority of the Commissioner of Securities and Insurance, Office of the Montana State Auditor (Commissioner) pursuant to the Act.

RECITALS

WHEREAS, on or about January 13, 2015, Respondent issued securities in two separate transactions to Montana investors, with combined sales totaling \$125,000;

WHEREAS, Respondent intended to rely upon a federal registration exemption – namely, Regulation D, Rule 506 – to conduct the transactions in conformity with Montana law;

WHEREAS, on or about March 9, 2015, Respondent filed with the CSI its Form D relating to the intended exemption;

WHEREAS, an issuer relying upon the Regulation D, Rule 506 exemption must file Form D within 15 days after the first transaction in accordance with § 30-10-211(2);

WHEREAS, the CSI alleged Respondent violated § 30-10-211(2) by failing to timely file its Form D for the January, 2015, offering;

WHEREAS, the Parties agree that the best interests of the public would be served by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the Parties agree to settle this matter with the following terms and conditions:

STIPULATIONS AND CONSENTS

I. Respondent stipulates and agrees as follows:

A. The allegations set forth above are true and correct.

B. Respondent shall pay a fine in the amount of \$2,500 no later than October 1, 2015. The fine must be made payable to the State of Montana and sent to:

Montana State Auditor
c/o Nick Mazanec
840 Helena Avenue
Helena, MT 59601

C. Respondent shall offer to rescind the purchases made by all Montana investors for the value paid at the time of the transaction. Respondent shall convey the rescission offer to investors in a form approved by the CSI. In the event an investor opts not to accept the rescission offer, Respondent will nonetheless have satisfied its obligation under this subsection.

D. Respondent will comply with the terms and conditions of this Agreement, the Act, and all other regulations of the State of Montana.

E. With respect to the Recitals, Respondent specifically and affirmatively waives a contested case hearing and its right to appeal under the Montana Administrative Procedure Act,

Mont. Code Ann. § 2-4-101 et seq. (MAPA), and elects to resolve this matter on the terms and conditions set forth herein.

F. Respondent acknowledges that its representation by its legal counsel was satisfactory.

G. Respondent acknowledges that its representative has read and understands each term of this Agreement.

H. Respondent enters into this Agreement voluntarily and without reservation.

I. Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals or this Agreement.

II. All parties to this Agreement stipulate and agree as follows:

A. The CSI has jurisdiction over the subject matter of this Agreement.

B. This Agreement resolves the alleged violation set forth in the Recitals.

C. The CSI warrants and represents that so long as Respondent complies with the terms of this Agreement, the CSI will not bring further action against Respondent arising from facts known to the CSI as of the date of the Agreement relating to the Recitals.

D. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the matter described in the Recitals and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not alter, limit, or create any private rights or remedies against the parties.

E. This Agreement constitutes the entire agreement between the parties on this matter. No other promises or agreements, either express or implied, have been made between the

CSI, or any member, officer, agent, or representative of the CSI, and Respondent to induce Respondent to enter into this Agreement.

F. This Agreement may not be modified orally. Any subsequent modifications to this Agreement must be in a mutually-agreed writing with the same formality as this Agreement.

G. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner.

H. This Agreement shall be effective upon signing of the Final Order.

I. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 6th day of October, 2015

OFFICE OF THE MONTANA STATE
AUDITOR, COMMISSIONER OF
SECURITIES AND INSURANCE

By: 

NICK MAZANEC
Attorney for the CSI


APPROVED AS TO FORM on this 30 day of September, 2015

By: 

MARK BAKER
Attorney for Respondent

DATED this 30 day of September, 2015

REDWOOD SCIENTIFIC
TECHNOLOGIES, INC.


Signature

Jason Carlisle
Printed Name

President and CEO
Title

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 30-10-101 et seq.
and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of
the Montana State Auditor, Commissioner of Securities and Insurance, and Respondent
Redwood Scientific Technologies, Inc., is adopted as set forth fully herein.

DATED this 6th day of October, 2015.

MONICA J. LINDEEN
Commissioner of Securities and Insurance
Montana State Auditor

By: 
LYNNE EGAN
Deputy Securities Commissioner

cc: Nick Mazanec, CSI
Mark Baker, Attorney for Respondent